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MEMORANDUM FOR: Director of Central Intelligence
THROUGH : Deputy Director of Central Intelligence
FROM :
SA to the DCI for Compartmentation
SUBJECT : APEX - Potential Problems

1. This memorandum, for your information, is to alert you to two possible developments that could somewhat disrupt APEX implementation. No action on your part is presently recommended.

2. The APEX Steering Group member from SAFSS, and the NSA member to a considerably lesser degree, are still uncomfortable with the fact that the APEX system descriptions (i.e., Security Policy Manuals, Procedural Handbooks and the like) are not restricted to either existing SCI channels or to APEX channels in the future. On 12 August, I refused to consider a request by the SAFSS member to start over and controll all APEX materials in SCI channels. I suspect that some SAFSS people may try to persuade to reopen the issue with you.

3. I am opposed to putting APEX procedures in SCI channels if only because drafts have been circulating as CONFIDENTIAL since at least May 1979--16 months. The horse is simply too far and too long gone from the barn.

4. A second development could be more serious. The Director, GDIP, sent the attached memorandum to your Deputy for Resource Management. In sum, it says that APEX is estimated to cost the DoD (less NSA) 500 slots and \$65 million in the FY 1982-1986 period before allowing for changes in communications/computer operations which is guessed to cost about \$100 million.

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5. To date, I have not acquired any backup material for the figures and I prefer not to comment without some feel for their construction. My initial reaction, however, is that APEX is being used as a vehicle for writing letters to Santa Claus. The problem will be worked out in detail by December in order to respond to HPSCI questions due then. I suspect that the numbers come from both lack of clear understanding of APEX procedures and the possibility that current allocation of resources does not provide adequate numbers of people to comply with existing procedures for protection of SCI. If these figures are otherwise brought to your attention, I suggest that you exhibit skepticism and ask that they be thoroughly examined in-house before further discussion. On the other hand, the numbers can be used as clubs with which to beat persons responsible, in your view, for overclassification. However accurate or inaccurate, the numbers are clearly one man's guess, at a point in time, at the cost of too much material being marked TOP SECRET.

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Attachment

cc: Comptroller.
D/DCI/RMS
DCI/ACO ✓

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